passionately about the future and where she was going with her work in dealing with these charitable organizations and issues that she did deal with.

In putting these great qualities to work, Maureen would go on to leave many of her own footsteps across this Nation for many to follow. She never once needed her name to prove both her effectiveness or her charm. Maureen's deep commitment to raising the awareness of Alzheimer's disease and the importance of research confirmed her status as a selfless, dedicated benefactor for millions of Americans. I extend my heartfelt prayers and deepest condolences to Maureen's husband, Dennis, and her lovely daughter, Rita. Indeed, the sense of loss that our Nation has felt is in no comparison to that, I am sure, of Maureen's own family.

Mr. Speaker, I would like to thank the gentleman from Massachusetts (Mr. MARKEY), as well as the gentleman from New Jersey (Mr. SMITH) for bringing H.J. Res. 60 to the floor, and I urge my colleagues to join me in honoring this courageous and amazing woman. Maureen's contributions to her family and Nation will certainly never be forgotten.

Mr. BILIRAKIS. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Speaker, I thank the gentleman for yielding me this time.

First of all, I want to thank, as did the gentleman from Louisiana (Mr. TAUZIN) a few moments ago, our very distinguished colleague from Massachusetts (Mr. MARKEY) for his kindness in sponsoring this legislation. I think it shows a real sensitivity for Maureen Reagan who was a very courageous woman, wife and mother, and a tireless advocate, a champion, for research and medical assistance for Alzheimer's patients and, equally important, for their caregivers.

As we all know, one of those victims includes her own father, President Ronald Reagan. Ronald Reagan was a fighter since his early days growing up during the Great Depression, but he turned his disclosure that he suffered from Alzheimer's Disease into a battle for more research money and more assistance for his fellow patients. When Ronald Reagan was unable to continue this fight because of his own deteriorating condition, his daughter, Maureen Reagan, stepped up to the plate and became one of the most tenacious advocates for Alzheimer's research and for trying to find a cure for this horrific disease. Her untimely death to cancer this past summer caused the Alzheimer's community to lose one of its best.

Significantly, even while battling cancer during 5 tough years, Maureen never rested in her quest to try to procure more research money and to help more patients and their loved ones with this terrible disease. Not long before she died, as the gentleman from Massachusetts pointed out earlier, she called on Congress to double to $1 billion the amount of money allocated for Alzheimer's research by the National Institutes of Health.

As was also pointed out, this disease afflicts so many of our families. Half of those over age 85 suffer to some degree from Alzheimer's, and 1 of every 10 Americans over the age of 65 also is in some stage of Alzheimer's disease. The current number of affected—4 million—will grow to 14 million people if we do not take prompt action and do all that is humanly possible to mitigate and hopefully eradicate this terrible disease.

Maureen Reagan was a great champion. She will be sorely missed in this battle. And we want to just, and I know this will be a unanimous vote on both sides of the aisle, say to her loved ones, to her husband and to her daughter and to the entire family, how much we deeply care for them and how we miss Maureen Reagan.

Mr. THOMAS. Mr. Speaker, I rise today to support H.J. Res. 60 and to pay tribute to my friend Maureen Reagan, a loving wife and mother, a dedicated member of the Republican Party, and a crusader for Alzheimer's Disease sufferers. I also extend my deepest condolences to her husband, my friend and former constituent, Dennis Revell, and their daughter Rita.

I had the privilege of knowing Maureen for over two decades. In 1980, she was a tireless volunteer in her father's campaign for the White House. Following his election, she became a vigorous activist for female Republicans, raising funds for over 100 candidates. She also served in an appointed position in the California Republican Party, and later ran to be a Member of this House.

After President Reagan poignantly shared with the world his Alzheimer's diagnosis, Maureen continued to dedicate her life to another worthy cause: educating the American public about this debilitating and degenerative disease. Even as Maureen was personally battling cancer, her resolve in making Americans more aware of Alzheimer's disease was remarkable; her passion unyielding. Testifying in front of congressional committees, Ms. Reagan added her voice in promoting the worthy work of our federal medical research agencies. Until the very end, Maureen continually reminded all of us how public advocacy can be vibrant and how public service can be courageous.

She will be missed by her family and friends, by the Alzheimer's patients for whom she worked so tirelessly, by the Republican party, and indeed by all Americans.

Ms. HARMAN. Mr. Speaker, one of the best parts of seeking my seat in Congress was meeting Maureen Reagan in 1992, when she ran in the primary for her party's nomination. It was my good fortune that, after Maureen lost, her supporters became mine and she and I became great friends.

Maureen brought an intelligence and vibrancy to the campaign and although she did not win her party's nomination, she continued to influence many policy debates, particularly in health care after her father revealed he was suffering from Alzheimer's disease.

I am deeply saddened to lose a friend. California and the nation have lost a strong and active voice.

I join my colleagues in honoring the life of Maureen Reagan.

Mr. BILIRAKIS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CULBERSON). The question is on the motion offered by the gentleman from Florida (Mr. BILIRAKIS) that the House suspend the rules and pass the joint resolution, H. J. Res. 60, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution, as amended, was passed.

A motion to reconsider was laid on the table.

ADMINISTRATIVE SIMPLIFICATION COMPLIANCE ACT

Mr. TAUZIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3323) to ensure that covered entities comply with the standards for electronic health care transactions and code sets adopted under part C of title XI of the Social Security Act, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3323

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Administrative Simplification Compliance Act''.

SEC. 2. EXTENSION OF DEADLINE FOR COVERED ENTITIES SUBMITTING COMPLIANCE PLANS.

(a) IN GENERAL.—

(1) EXTENSION.—Subject to paragraph (2), notwithstanding section 1175(b)(1)(A) of the Social Security Act (42 U.S.C. 1320d–4(b)(1)(A)) and section 162.900 of title 45, Code of Federal Regulations, a health care provider, health plan (other than a small health plan), or a health care clearinghouse shall not be considered to be in noncompliance with the applicable requirements of subparts I through R of part 162 of title 45, Code of Federal Regulations, before October 16, 2003.

(2) CONDITION.—Paragraph (1) shall apply to a person described in such paragraph only if, before October 16, 2002, the person submits to the Secretary of Health and Human Services a plan of how the person will come into compliance with the requirements described in such paragraph not later than October 16, 2003. Such plan shall be a summary of the following:

(A) An analysis reflecting the extent to which, and the reasons why, the person is not in compliance.

(B) A budget, schedule, work plan, and implementation strategy for achieving compliance.

(C) Whether the person plans to use or might use a contractor or other vendor to assist the person in achieving compliance.

(D) A timeframe for testing that begins not later than April 16, 2003.

(3) ELECTRONIC SUBMISSION.—Plans described in paragraph (2) may be submitted electronically.

(4) MODEL FORM.—Not later than March 31, 2002, the Secretary of Health and Human Services shall promulgate a model form that persons may use in drafting a plan described in paragraph (2). The promulgation of such

form shall be made without regard to chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(5) ANALYSIS OF PLANS; REPORTS ON SOLUTIONS.—

(A) ANALYSIS OF PLANS.—

(i) FURNISHING OF PLANS.—Subject to subparagraph (D), the Secretary of Health and Human Services shall furnish the National Committee on Vital and Health Statistics with a sample of the plans submitted under paragraph (2) for analysis by such Committee.

(ii) ANALYSIS.—The National Committee on Vital and Health Statistics shall analyze the sample of the plans furnished under clause (i).

(B) REPORTS ON SOLUTIONS.—The National Committee on Vital and Health Statistics shall regularly publish, and widely disseminate to the public, reports containing effective solutions to compliance problems identified in the plans analyzed under subparagraph (A). Such reports shall not relate specifically to any one plan but shall be written for the purpose of assisting the maximum number of persons to come into compliance by addressing the most common or challenging problems encountered by persons submitting such plans.

(C) CONSULTATION.—In carrying out this paragraph, the National Committee on Vital and Health Statistics shall consult with each organization—

(i) described in section 1172(c)(3)(B) of the Social Security Act (42 U.S.C. 1320d–1(c)(3)(B)); or

(ii) designated by the Secretary of Health and Human Services under section 162.910(a) of title 45, Code of Federal Regulations.

(D) PROTECTION OF CONFIDENTIAL INFORMATION.—

(i) IN GENERAL.—The Secretary of Health and Human Services shall ensure that any material provided under subparagraph (A) to the National Committee on Vital and Health Statistics or any organization described in subparagraph (C) is redacted so as to prevent the disclosure of any—

(I) trade secrets;

(II) commercial or financial information that is privileged or confidential; and

(III) other information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

(ii) CONSTRUCTION.—Nothing in clause (i) shall be construed to affect the application of section 552 of title 5, United States Code (commonly known as the ''Freedom of Information Act''), including the exceptions from disclosure provided under subsection (b) of such section.

(6) ENFORCEMENT THROUGH EXCLUSION FROM PARTICIPATION IN MEDICARE.—

(A) IN GENERAL.—In the case of a person described in paragraph (1) who fails to submit a plan in accordance with paragraph (2), and who is not in compliance with the applicable requirements of subparts I through R of part 162 of title 45, Code of Federal Regulations, on or after October 16, 2002, the person may be excluded at the discretion of the Secretary of Health and Human Services from participation (including under part C or as a contractor under sections 1816, 1842, and 1893) in title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

(B) PROCEDURE.—The provisions of section 1128A of the Social Security Act (42 U.S.C. 1320a–7a) (other than the first and second sentences of subsection (a) and subsection (b)) shall apply to an exclusion under this paragraph in the same manner as such provisions apply with respect to an exclusion or proceeding under section 1128A(a) of such Act.

(C) CONSTRUCTION.—The availability of an exclusion under this paragraph shall not be construed to affect the imposition of penalties under section 1176 of the Social Security Act (42 U.S.C. 1320d–5).

(D) NONAPPLICABILITY TO COMPLYING PERSONS.—The exclusion under subparagraph (A) shall not apply to a person who—

(i) submits a plan in accordance with paragraph (2); or

(ii) who is in compliance with the applicable requirements of subparts I through R of part 162 of title 45, Code of Federal Regulations, on or before October 16, 2002.

(b) SPECIAL RULES.—

(1) RULES OF CONSTRUCTION.—Nothing in this section shall be construed—

(A) as modifying the October 16, 2003, deadline for a small health plan to comply with the requirements of subparts I through R of part 162 of title 45, Code of Federal Regulations; or

(B) as modifying—

(i) the April 14, 2003, deadline for a health care provider, a health plan (other than a small health plan), or a health care clearinghouse to comply with the requirements of subpart E of part 164 of title 45, Code of Federal Regulations; or

(ii) the April 14, 2004, deadline for a small health plan to comply with the requirements of such subpart.

(2) APPLICABILITY OF PRIVACY STANDARDS BEFORE COMPLIANCE DEADLINE FOR INFORMATION TRANSACTION STANDARDS.—

(A) IN GENERAL.—Notwithstanding any other provision of law, during the period that begins on April 14, 2003, and ends on October 16, 2003, a health care provider or, subject to subparagraph (B), a health care clearinghouse, that transmits any health information in electronic form in connection with a transaction described in subparagraph (C) shall comply with the requirements of subpart E of part 164 of title 45, Code of Federal Regulations, without regard to whether the transmission meets the standards required by part 162 of such title.

(B) APPLICATION TO HEALTH CARE CLEARINGHOUSES.—For purposes of this paragraph, during the period described in subparagraph (A), an entity that processes or facilitates the processing of information in connection with a transaction described in subparagraph (C) and that otherwise would be treated as a health care clearinghouse shall be treated as a health care clearinghouse without regard to whether the processing or facilitation produces (or is required to produce) standard data elements or a standard transaction as required by part 162 of title 45, Code of Federal Regulations.

(C) TRANSACTIONS DESCRIBED.—The transactions described in this subparagraph are the following:

(i) A health care claims or equivalent encounter information transaction.

(ii) A health care payment and remittance advice transaction.

(iii) A coordination of benefits transaction.

(iv) A health care claim status transaction.

(v) An enrollment and disenrollment in a health plan transaction.

(vi) An eligibility for a health plan transaction.

(vii) A health plan premium payments transaction.

(viii) A referral certification and authorization transaction.

(c) DEFINITIONS.—In this section—

(1) the terms ''health care provider'', ''health plan'', and ''health care clearinghouse'' have the meaning given those terms in section 1171 of the Social Security Act (42 U.S.C. 1320d) and section 160.103 of title 45, Code of Federal Regulations;

(2) the terms ''small health plan'' and ''transaction'' have the meaning given those terms in section 160.103 of title 45, Code of Federal Regulations; and

(3) the terms ''health care claims or equivalent encounter information transaction'', ''health care payment and remittance advice transaction'', ''coordination of benefits transaction'', ''health care claim status transaction'', ''enrollment and disenrollment in a health plan transaction'', ''eligibility for a health plan transaction'', ''health plan premium payments transaction'', and ''referral certification and authorization transaction'' have the meanings given those terms in sections 162.1101, 162.1601, 162.1801, 162.1401, 162.1501, 162.1201, 162.1701, and 162.1301 of title 45, Code of Federal Regulations, respectively.

SEC. 3. REQUIRING ELECTRONIC SUBMISSION OF MEDICARE CLAIMS.

(a) IN GENERAL.—Section 1862 of the Social Security Act (42 U.S.C. 1395y) is amended—

(1) in subsection (a)—

(A) by striking ''or'' at the end of paragraph (20);

(B) by striking the period at the end of paragraph (21) and inserting ''; or''; and

(C) by inserting after paragraph (21) the following new paragraph:

''(22) subject to subsection (h), for which a claim is submitted other than in an electronic form specified by the Secretary.''; and

(2) by inserting after subsection (g) the following new subsection:

''(h)(1) The Secretary—

''(A) shall waive the application of subsection (a)(22) in cases in which—

''(i) there is no method available for the submission of claims in an electronic form; or

''(ii) the entity submitting the claim is a small provider of services or supplier; and

''(B) may waive the application of such subsection in such unusual cases as the Secretary finds appropriate.

''(2) For purposes of this subsection, the term 'small provider of services or supplier' means—

''(A) a provider of services with fewer than 25 full-time equivalent employees; or

''(B) a physician, practitioner, facility, or supplier (other than provider of services) with fewer than 10 full-time equivalent employees.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to claims submitted on or after October 16, 2003.

SEC. 4. CLARIFICATION WITH RESPECT TO APPLICABILITY OF ADMINISTRATIVE SIMPLIFICATION REQUIREMENTS TO MEDICARE+CHOICE ORGANIZATIONS.

Section 1171(5)(D) of the Social Security Act (42 U.S.C. 1320d(5)(D)) is amended by striking ''Part A or part B'' and inserting ''Parts A, B, or C''.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS FOR IMPLEMENTATION OF REGULATIONS.

(a) IN GENERAL.—Subject to subsection (b), and in addition to any other amounts that may be authorized to be appropriated, there are authorized to be appropriated a total of $44,200,000, for—

(1) technical assistance, education and outreach, and enforcement activities related to subparts I through R of part 162 of title 45, Code of Federal Regulations; and

(2) adopting the standards required to be adopted under section 1173 of the Social Security Act (42 U.S.C. 1320d–2).

(b) REDUCTIONS.—

(1) MODEL FORM 14 DAYS LATE.—If the Secretary fails to promulgate the model form described in section 1(a)(4) by the date that is 14 days after the deadline described in such section, the amount referred to in subsection (a) shall be reduced by 25 percent.

(2) MODEL FORM 30 DAYS LATE.—If the Secretary fails to promulgate the model form

described in section 1(a)(4) by the date that is 30 days after the deadline described in such section, the amount referred to in subsection (a) shall be reduced by 50 percent.

(3) MODEL FORM 45 DAYS LATE.—If the Secretary fails to promulgate the model form described in section 1(a)(4) by the date that is 45 days after the deadline described in such section, the amount referred to in subsection (a) shall be reduced by 75 percent.

(4) MODEL FORM 60 DAYS LATE.—If the Secretary fails to promulgate the model form described in section 1(a)(4) by the date that is 60 days after the deadline described in such section, the amount referred to in subsection (a) shall be reduced by 100 percent.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Louisiana (Mr. TAUZIN) and the gentleman from Ohio (Mr. BROWN) each will control 20 minutes.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent that the gentleman from California (Mr. STARK) be permitted to control 10 minutes of the time on this side.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TAUZIN. Mr. Speaker, I ask unanimous consent that the gentlewoman from Connecticut (Mrs. JOHNSON) on behalf of the gentleman from California (Mr. THOMAS) be permitted to control 10 minutes of time on this side.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

GENERAL LEAVE

Mr. TAUZIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and insert extraneous material on this legislation now being considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. TAUZIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3323, the Administrative Simplification Compliance Act introduced by the gentleman from Ohio (Mr. HOBSON).

A little over 5 years ago, Congress passed the Health Insurance Portability and Accountability Act, or HIPAA, a far-reaching law that imposed significant new requirements on health care plans and providers and created basic consumer protections in a number of areas. One of the most important provisions of the act, although infrequently discussed in Congress, relates to administrative simplification. This provision implements common standards for electronic health care transactions. It was designed to increase the health care system's efficiency and effectiveness, to improve law enforcement's ability to prevent fraud and abuse, and generally to reduce administrative burdens for plans and providers.

We in Congress strongly support the goals of administrative simplification. The provision's implementation will eliminate the confusing patchwork of electronic and paper standards that exist in the health care marketplace. However, as plans and providers move toward common electronic standards, we must also recognize that their efforts will require a significant amount of time and money, and that perhaps the time frames Congress originally set forth in statute to comply with these rules should be modified.

On August 17, 2000, the Department of Health and Human Services published its final rule implementing the standards for electronic health care transactions. The rule required all plans and providers to come into compliance with administrative simplification standards by October 16, 2002. From speaking with many people in the health care system during the past year, we have concluded that this deadline is much too ambitious.

That is why we are here today. The Hobson legislation will provide plans and providers with one additional year to come into compliance with the administrative simplification standards. His legislation, which is a compromise product negotiated between the bill's sponsors, the gentleman from Arizona (Mr. SHADEGG), the Committee on Energy and Commerce, and the Committee on Ways and Means allows covered entities the extra time they need to ensure that they will continue taking steps to come into compliance.

I would like to point out that one important change to the legislation is now in the bill in its reintroduced version. In its original form, H.R. 3323 imposed a $1 user fee on every paper claim submitted to the Medicare program. This provision has been replaced with a requirement that health care entities, with the exception of small providers, submit their claims to the Medicare program in electronic format. This requirement refinement significantly improves the bill and eliminates a tremendous burden for providers and the government.

Mr. Speaker, this legislation has been vetted extensively with the stakeholders in the health care system. It deserves everyone's vote and we should all be grateful for the fine work of the gentleman from Ohio (Mr. HOBSON) in the area.

Mr. Speaker, I reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, in 1996 Congress passed landmark legislation, and most of us know it as Kennedy/Kassebaum or HIPAA, that answered several difficult questions: How do we minimize coverage disruptions and barriers in the private health insurance market? How do we improve the efficiency of health care financing and delivery in the United States?

The gentlemen from my home State of Ohio (Mr. SAWYER) and (Mr. HOBSON) took on the second question. They championed commonsense provisions in HIPAA that ensure the transition to fully electronic transfers between health plans and providers. Electronic claiming is far superior to the old-fashioned paper version. It saves money, it saves trees, and it typically saves patients from paying out-of-pocket for services ultimately covered by insurance.

The deadline for implementing phase 1 of this transition is October 2002, but the reality is some sectors of the health industry and State governments need extra time to make the technical and the procedural changes necessary to achieve compliance. Delaying the compliance deadlines for administrative simplification is not an action any Member of Congress, Mr. Speaker, should take lightly.

CMS has estimated that the electronic claims processing can save $30 billion over 10 years. Any delay in implementation reduces, obviously, those associated savings. Health plans and providers throughout the country have invested time and money to gear up for this transition. To the extent that their new operations sit idle, they are losing money too. That said, it would be inappropriate to fault both public and private sector entities that work in good faith against a deadline they did not create and found they simply could not meet.

Mr. Speaker, H.R. 3323 accommodates the concerns of those on both sides of this issue. Under this legislation, health plans and providers must either meet the current compliance deadline or demonstrate their plans for achieving compliance by October 2003. This one-time 1-year extension creates a cushion for organizations bumping up against the current deadline without permitting an undue or indefinite delay.

Mr. Speaker, I am pleased to support this reasonable compromise. I again thank the gentlemen from Ohio (Mr. SAWYER) and (Mr. HOBSON) for their good work.

□ 1630

Mr. TAUZIN. Mr. Speaker, I am very pleased to yield 3 minutes to the distinguished gentleman from Florida (Mr. BILIRAKIS), the chairman of the Subcommittee on Health of the Committee on Energy and Commerce.

Mr. BILIRAKIS. Mr. Speaker, I appreciate the gentleman yielding time to me.

Mr. Speaker, I rise in support of H.R. 3323, a bill that would ensure that stakeholders in America's health care system are able to comply with regulations to standardize electronic health care transactions.

This legislation extends by 1 year the deadline for compliance with administrative simplification provisions created as part of the Health Insurance Portability and Accountability Act of 1996, which we fondly pronounce as HIPAA.

The legislation also implements an orderly transition process that will ensure that covered entities will be in a position to implement the new regulations by October of 2003.

In 1996, Congress passed HIPAA to improve efficiency and effectiveness in the health care system, to make it easier to detect fraud and abuse, facilitate access to health and medical information by researchers, and to reduce administrative costs.

When we passed HIPAA in 1996, it was the largest government action in health care since the creation of Medicare. Administrative simplification and standardization of the way medical data is transmitted electronically is vital to improving the quality of medical care. The American health care system currently has more than 12 million providers, plans, suppliers, and other participants that require access to medical data.

Today, there is no single standard by which this data can be exchanged electronically. Therefore, the full benefit of the technological revolution has yet to be implemented by the health care industry. Standardization of electronic data has the potential to simplify administrative functions, increase processing of medical claims, and improve the quality of care while substantially reducing health care costs.

However, flawed implementation of this process will prevent the full benefit of standardization from being realized. This bill alleviates this problem by requiring that each stakeholder seeking an extension submit a report to the Secretary of Health and Human Services on how they plan to implement electronic standardization. This will allow the Secretary to have access to the best transition plans that are proposed, allowing for an exchange of information that will benefit stakeholders less prepared to implement this process.

H.R. 3323 is a thoughtful and logical approach to ensuring that health care beneficiaries are able to take the fullest advantage of the coming revolution in medical care. I thank the gentleman from Arizona (Mr. SHADEGG) for taking the lead on this issue for the Committee on Energy and Commerce and the gentleman from Ohio (Mr. HOBSON) for introducing the support legislation.

I urge my colleagues to join me in supporting H.R. 3323.

Mr. TAUZIN. Mr. Speaker, I yield the balance of my time to the gentleman from Ohio (Mr. HOBSON), the author of the legislation.

The SPEAKER pro tempore (Mr. CULBERSON). The gentleman from Ohio (Mr. HOBSON) is recognized for 4 minutes.

Mr. HOBSON. Mr. Speaker, we have before us today a reasonable and balanced bill that provides the final push for an idea that my colleague, the gentleman from Ohio (Mr. SAWYER), and myself have been working on for 7 years: The simplification of paperwork associated with paying health care costs.

In 1993, my colleague, the gentleman from Ohio, began to develop legislation that would create a standard framework for electronic filing of health care claims. Today, we all recognize electronic health care filing represents significant advantages over paper filings for every level of health care, from providers to insurance.

However, the patchwork of different computer systems needed to electronically file claims with different health care payers made the process a complicated, expensive, and unwieldy situation.

In 1996, our work culminated in the administrative simplification provisions included in the Health Insurance Portability and Accountability Act of 1996, which required a common format for electronic health care claims. This would have the effect of simplifying the administrative burden associated with health care transactions, and would, according to the Health Care Financing Administration at the time, produce $9.9 billion in savings for the health care community.

By reducing administrative overhead, we also help improve the quality of health care by freeing up resources now devoted to paperwork and administration. However, for a variety of reasons, the regulations implementing the administrative simplification provisions enacted in 1996 were delayed.

Now, 5 years later, two final rules are set to take effect shortly. The first, regarding medical privacy, is left untouched by the legislation before this body today, and will take effect as scheduled in April of 2003. The second, establishing code sets in transactions, is set to take effect October 16, 2002.

However, the current state of readiness in the health care community is inconsistent, and significant sectors have argued for additional time to undertake systems changes necessary to reach compliance. At the same time, some entities clearly will be ready for the first set of standards.

Mr. Speaker, the gentleman from Ohio (Mr. SAWYER) and I recognize the need for additional time for some entities to come into compliance. At the same time, we must ensure that this time is fully utilized by all the parties and that those entities that want to move forward can do so without penalty.

Our legislation provides a solution to the current status by establishing two tracks for entities covered by the original statute. For those plans and providers who will be ready to go by October, 2002, they can proceed under the original timetable. These entities can be sending and receiving electronic transactions under the new standardized format in October of next year.

However, our legislation also recognizes some entities may have underestimated what was needed to be operationally compliant with the standards of 2002. That is why our bill includes a provision which allows these plans and providers to file a plan with the Secretary of the Department of Health and Human Services explaining the steps they will take to reach compliance.

One other important fact. This bill also ensures that the additional time provided is fully utilized, from the government's perspective. Our bill includes an authorization for $44.2 million for the Department of Health and Human Services which will allow the Department to adequately prepare for the transition.

This authorization will support activities at the Department associated with finishing the remaining work on the original standards providing technical assistance and educational outreach and enforcement activities.

Finally, our bill requires the filing of electronic claims with Medicare by extending the deadline to October 16, 2003, with the exception for small providers and those physically unable to file electronically. This will help prevent backsliding to paper transactions and will help focus all entities on reaching the cost-saving goals of the original statute.

In conclusion, this statute represents a balanced package of measures that does not simply delay the administrative simplification provisions, but rather, provides a clear plan and one-time extension to reach compliance in the marketplace.

I urge my colleagues to support this legislation; and I would like to thank the staffs of both committees, my staff, Michael Beer, the staff of the gentleman from Ohio (Mr. SAWYER), and the staff of the Committee on Commerce.

I would like to thank the leadership and the staff of the Committee on Ways and Means, and particularly the leadership of the gentleman from Texas (Mr. ARMEY) and the Speaker, who encouraged us to bring this bill forward. We think we have done something good here.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. HOBSON. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I appreciate the gentleman's leadership in this.

I heard the gentleman's statement about the authorization for I think the $44.2 million for CMS for the Department of Health and Human Services to carry out their work.

I know, as a distinguished member of the Committee on Appropriations, that that will come to the gentleman in another form.

I often feel that we have added many chores to the Department of Health and Human Services without being so concerned as to how they will perform the activities. I want to commend the gentleman for thinking ahead and asking for the support for the Department of Health and Human Services to see that they have the resources to carry out this work. I would like to join with him to see that we get the appropriated funds.

Mr. BROWN of Ohio. Mr. Speaker, I yield 4 minutes to my colleague, the gentleman from Summit and Portage Counties, Ohio (Mr. SAWYER).

Mr. SAWYER. Mr. Speaker, I thank my friend, the gentleman from Lorain County, Ohio, for yielding time to me. I particularly want to thank my colleague, the gentleman from Ohio (Mr. HOBSON), for his leadership, his persistence, and his hard work, and in the last year, his attention to detail with regard to the administration of this.

I would also like to thank the chairman and ranking members of the Committee on Energy and Commerce and the Committee on Ways and Means, and particularly, their counterparts in the leadership of the subcommittees having to do with health care of both bodies.

Mr. Speaker, I want to thank them for their assistance on this legislation, for bringing it to the floor. This measure is a bipartisan compromise which keeps administrative simplification on track and should be passed by the House. The gentleman from Ohio (Mr. HOBSON) and I first started working on this back in the early 1990s. We met with a broad spectrum of industry groups on how to streamline the processes of administrative information and financial transactions.

By standardizing these efforts for electronic transmission, we, along with the industry, strongly believed that this would reduce paperwork, limit fraud and abuse where it may or may not exist, and help contain health care costs.

Every time we stand up here and talk about limiting waste, fraud and abuse, we do it too often by simply cutting money with the hopes that under that rubric, dollars lost can somehow go unreplaced. This goes a great deal further. It outlines a practical, hardheaded way to achieve the kinds of savings that we are talking about, and have been in this legislation for the last 5 years.

Back in September of 1993, the gentleman from Ohio (Mr. HOBSON) and I introduced this legislation for the first time. After 3 years of extensive and detailed consultation, the bill was included in HIPAA. According to HHS, as we have heard, it is expected to save about $30 billion.

Now, 5 years after enactment of the legislation, the first of a series of regulations are due to take effect next year. While an awful lot of health plans, hospital, and stakeholders have invested millions of dollars to be ready, some plans and some State Medicaid systems simply will not be in compliance in time.

That concern that this would disrupt transmission of health and financial information and cause any number of problems for the health care consumer is what motivates this legislation today. This bipartisan effort will prevent that from happening while still ensuring that the regulations are implemented in a timely manner.

For those who will not be ready, the bill holds them accountable by requiring them to file a plan documenting how they will reach compliance. If they fail to do so, they may not be able to participate in Medicare.

The document must include a budget, a work plan, and an implementation strategy for reaching compliance. This will ensure that at the end of the deadline all providers, plans, and other health care groups are ready. The plan must also outline a time frame for electronic testing, which means that consumers can be assured that there will be no disruptions in delivery, although the bill does provide additional time to reach compliance.

Everyone involved in this should know that this is a one-time deal. We hope Members will not come back again asking for any further delays. The answer the next time will be, I am certain, a clear and inarguable no.

This legislation will facilitate a smooth transition to processing electronic transactions and medical information by authorizing funds for HHS to issue the next set of regulations, and perhaps, even more importantly, to provide outreach, education, and technical assistance to those who seek to comply.

Many doctors' offices will need that kind of help in reaching compliance. This bill gives HHS the ability to help them.

Almost 10 years ago, we set out to make the health care system more efficient by encouraging the responsible electronic transfer of data. This legislation will help us meet that goal. I urge its passage.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of the Hobson bill. It is instructive that we passed this directive in 1996. That is 5 years ago. This was going to save the system $30 billion through greater efficiency, so it was with great conviction that many of us resisted, including the gentleman from California (Chairman THOMAS) of the Committee on Ways and Means, resisted a delay, and particularly an open-ended delay, of the implementation of these administrative simplification provisions of the Health Insurance Portability and Accountability Act.

However, in recent weeks it has become very clear that a number of providers and plans, as well as the State governments, have some legitimate reasons why they will have a hard time complying by the October 2002 deadline and have asked for a year's extension.

The gentlemen from Ohio (Mr. HOBSON and Mr. SAWYER) have developed a very responsible compromise which the Committee on Ways and Means supports, the Committee on Energy and Commerce supports, and really is a good example of how rational thinking can guide the Nation effectively.

This bill just creates a smoother glide path to compliance for all entities. It is not open-ended; it does require everybody who is going to be responsible to comply to think about what it is going to take to come into compliance with this very important provision, but one that is complicated, particularly for small providers or very, very large providers in this era of rapid change.

It forces those responsible to comply to think about what budget it will take, what work plan will accomplish the goal, what needs to be tested, what strategy needs to be adopted to impact and accomplish compliance with the HIPAA requirements. That is good. That means it will happen more surely and with better or greater effectiveness.

It not only requires that kind of planning, but it does not discourage those who can comply sooner.

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I am particularly pleased that the Department of Health and Human Services under this legislation would be required to issue model guidance plans. So a lot of small providers can just take this plan, fill in the blanks and know exactly what they need to do and how they need to do it.

In addition, I am pleased that the bill requires the Secretary to disseminate reports from evaluating these plans that provide solutions to some of the problems that are identified through reviewing the compliance plans. This creates, in fact, a new partnership between government and the private sector as we near the compliance date for the HIPAA requirements, and I think that is going to mean a better quality of compliance as well as surer compliance with a new date a year from 2002, March 31.

I am also pleased that the bill does actually require all Medicare claims to be submitted electronically with the following exceptions: If there is no method to submit an electronic claim; or if one is a very small provider, a facility with fewer than 25 full-time employees; or a physician practice with fewer than 10 full-time employees; or in unusual circumstances as determined by the Secretary. I also believe that many of those small providers are going to use electronic means of submission because they are going to find it much faster, much more efficient, they will get paid more rapidly, and it will be more accurate.

But this bill does recognize that small compliers and certain other situations may require an exception. So I commend my colleagues, the gentleman from Ohio (Mr. Hobson) and the gentleman from Ohio (Mr. Sawyer) for moving with and through both the Committee on Ways and Means and the Committee on Energy and Commerce to bring this to the floor. It was really their knowledge of this issue, their insight, their determination that helped us find this very constructive solution.

Mr. Speaker, I reserve the balance of my time.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

(Mr. STARK asked and was given permission to revise and extend his remarks.)

Mr. STARK. Mr. Speaker, I add my congratulations to the gentleman from Ohio (Mr. HOBSON) and the gentleman from Ohio (Mr. SAWYER) for working to push this bill to fruition.

Mr. Speaker, I rise in support of H.R. 3323. I remind my colleagues that the standards that we are talking about today for electronic claims and referrals are being passed because the health care industry asked for our help.

Unlike the banking industry or the securities industry and others, the health care providers could not agree amongst themselves on how to talk to each other electronically. They asked us to step in and help establish standards, and now many of the sectors of the health industry have realized the wisdom of the saying, ''Be careful what you wish for, you might get it.''

They support the goals of the administrative simplification, but they now say they underestimated the effort it will take for them to comply, and they say they need more time. I think some of the sectors, particularly hospitals, are ready to go and would like to participate in what they think might be up to $30 billion in savings. And I agree. I want these simplification plans to be adopted as soon as possible and with as little delay as we can allow them and still let them officially go ahead and put these rules into effect.

I would like to make one thing quite clear for the record, and that is that this bill does not delay the HIPAA privacy regulation, not for health plans, not for health care providers, not for health care clearinghouses. There has been some concern that extending the transaction and codes sets compliance deadline would effectively exempt some health care providers and health care clearinghouses from the privacy rule.

This bill should remove any and all ambiguity on that point. Any health care provider or health care clearinghouse that would be subject to the privacy rule before we pass this bill will still be subject to the privacy rule after we pass this bill, and they will need to comply by April of 2003. The bill does not delay the privacy compliance deadline or negatively impact the privacy regulation. It is that simple.

Having said that, again, all the people who have worked so diligently to bring this compromise and this bill to the floor, indeed, are to be congratulated. I hope it will save money, help the beneficiaries get their information more quickly and more efficiently, and help the providers provide good medical care to more people for less money over the years to come.

Mr. Speaker, I yield back the balance of my time.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I yield 1 minute to the gentlewoman from Washington (Ms. DUNN), a member of the Subcommittee on Health of the Committee on Ways and Means. She is a hardworking member.

Ms. DUNN. Mr. Speaker, I rise in support of H.R. 3323. That is a bill to delay the administrative simplification rules for 1 year. I want to thank the gentleman from California (Chairman THOMAS), the chairwoman of the Subcommittee on Health, the gentlewoman from Connecticut (Mrs. JOHNSON), and particularly my colleague, the gentleman from Ohio (Mr. HOBSON) for working very, very hard to put a compromise together that we could live with. They worked diligently and provided a 1-year delay without implementing a user fee.

I would like to thank the gentleman from Arizona (Mr. SHADEGG) for working with me earlier this year when we introduced legislation to provide for a 2-year delay.

While I would have preferred our bill, I recognize that the compromise we have today balances the need of maintaining oversight and encouraging all providers to comply with the regulations.

I am very pleased that the user fees were removed from this legislation. Like many of my colleagues, I was concerned about requiring some physician to pay a user fee when they will experience a reduction in Medicare payments next year. This delay is vital to help those struggling to meet the challenges of compliance. The people I represent, the doctors, the hospitals and the health plans, support a delay.

I ask my colleagues to support this legislation. It is good legislation. Let us get it to the President's desk before the end of the year.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. HOBSON).

Mr. HOBSON. Mr. Speaker, I want to thank my colleague, the gentleman from Ohio (Mr. BROWN) as well as the gentleman from Ohio (Mr. SAWYER) again, and all the people who worked on this.

I want to explain to people this is a very complicated situation. This is not easy to do. It is not easy to understand what we are doing. This is a massive change in how we do things. But when we get done it will be more cost effective. We will have less fraud. We will have less abuse because we will have standardized coding. And we will have electronic transfer. And the frustrations that people have in doctors' offices about the huge stacks of bills that they are trying to collect should go away. That is a real step forward.

We hope to save more than the $29.9 billion that we are talking about in this bill with this type of activity.

The most important thing I want people to understand is sometimes we get all wrapped up in fights amongst ourselves. We did not in this legislation. The committees came together, the Members came together, and we worked out a situation that I think in the long run is maybe a better bill than we wrote, is a better bill than other people wrote. The finest solution to this is one that is good for this country, gives people time but moves the system forward to the final completion that we all want.

I want to particularly thank everybody, all the staffs, all the Members who worked so hard to make this work.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the gentleman from Ohio (Mr. HOBSON) for his really outstanding and consistent leadership on this issue.

Mr. MARKEY. Mr. Speaker, I rise in support of the language in the Administrative Simplification Compliance Act, H.R. 3323 which exempts from delay the compliance date for the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule.

In 1996 Congress made a promise to the American people that by February 2001 medical privacy protections would be in place. Despite the efforts of privacy opponents who lobbied this Administration heavily to postpone the effective date of these protections, the final privacy rule went forward in April 2001—a victory for patients, doctors and the quality of our nation's health care. But we're not quite out of the woods yet—the Administration has indicated that certain sections of this rule are to be opened for public comment early next year. It is my hope that this plan will not serve to undermine the strong privacy protections already in place and that the compliance date for these protections will not be postponed.

The date of compliance for these first time, fundamental medical privacy protections is April 2003. While we can all agree that these protections don't go far enough in providing comprehensive privacy for medical records they are a good first step.

I praise Representative HOBSON, the author of H.R. 3323, for including language to preserve the compliance date for the HIPAA privacy protections. Americans have waited far too long for medical privacy and they deserve it as soon possible.

Mr. SHADEGG. Mr. Speaker, I rise to support H.R. 3323, the Administrative Simplification Compliance Act. Mr. Speaker, earlier this year, I introduced legislation, H.R. 1975, that would have greatly assisted health care providers, physicians, health plans, and the states in coming into compliance with the Administrative Simplification provisions that were passed as part of the Health Insurance Portability and Accountability Act (HIPAA). My bill recognized the difficulty that health plans, providers, and states face in updating their computer systems by delaying the HIPAA compliance date to the later of October 16, 2004, or two years after the Secretary finalized all of the Administrative Simplification regulations. Unfortunately, however, there was skepticism as to the merit of any extension.

While the intention of the Administrative Simplification requirements is meritorious—moving from a slothy paper-based health care transaction system to an efficient electronic-based one—it is clear that health plans and providers will not be able to meet the deadlines set forth in regulations that were late in their release. According to a recent survey conducted by Phoenix Health Systems, ''industry-wide readiness for the October 16,

2002 transactions deadline is questionable—even unlikely.

Further evidence of the difficulty of meeting the October 16, 2002 deadline for transactions and code sets found in an October 11, 2001 letter signed by the National Governors Association, National Conference of State Legislatures, Council of State Governments, National Association of Counties, National League of Cities, and the U.S. Conference of Mayors which stated ''State and local governments will be unable to meet the requirements of HIPAA under the current implementation schedule. Regardless of whether other covered entities—such as hospitals, health plans, providers, and clearinghouse—except to be compliant with HIPAA under the current system, if state and local governments are not ready, HIPAA will not work.''

The bill on the floor today represents a compromise. The bill does not contain all of the provisions I would like. It is, however, an improvement over its original form, which contained an onerous user fee on Medicare providers, an idea that has been rejected by the House of Representatives time and time again. In addition, the compliance plans that covered entities will have to submit—something that will get entities to focus on how to come into compliance—will be less burdensome under the new amended bill. I still have concerns about the bill's effect on small providers, but believe that the exceptions we have included are sufficient to not punish small physician practices.

Mr. Speaker, I want to thank Mr. HOBSON, Mr. SAWYER, Chairman TAUZIN, and Chairman THOMAS for their work on this issue.

Mr. DINGELL. Mr. Speaker, H.R. 3323, the ''Administrative Simplification Compliance Act'' is a responsible compromise. Congressman HOBSON and SAWYER have addressed the concerns of the health care industry while maintaining the integrity of the administrative simplification requirements. H.R. 3323 also reflects the bipartisan input of the committees of jurisdiction, the Committee on Energy and Commerce and the Committee on Ways and Means.

H.R. 3323 delays the implementation of the administrative simplification requirements in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) by one year. It ensures, however, that those sectors of the health care industry that take advantage of this delay are using the extra year to ready themselves for compliance.

Most importantly, the bill ensures that the one-year delay of administrative simplification does not touch the implementation of the health information privacy requirements in HIPAA, which will go into effect as scheduled.

H.R. 3323 also requires that Medicare claims be submitted electronically, with reasonable exceptions. The Medicare program has paved the way in moving from paper-based claims processing to electronic processing, and this requirement will help Medicare run more smoothly.

Ultimately, the administration simplification requirements in HIPAA will make our health system more efficient. These requirements will result in billions of dollars in savings, thus freeing up more funds to focus on expanding health care coverage and promoting higher quality care. H.R. 3323 reaffirms the importance of these requirements while giving additional time to prepare for their implementation. I ask my colleagues to join me in support of this bill.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CULBERSON). The question is on the motion offered by the gentleman from Louisiana (Mr. TAUZIN) that the House suspend the rules and pass the bill, H.R. 3323, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mrs. JOHNSON of Connecticut. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

MEDICARE REGULATORY AND CONTRACTING REFORM ACT OF 2001

Mrs. JOHNSON of Connecticut. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3391) to amend title XVIII of the Social Security Act to provide regulatory relief and contracting flexibility under the Medicare Program.

The Clerk read as follows:

H.R. 3391

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECURITY ACT; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Medicare Regulatory and Contracting Reform Act of 2001''.

(b) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this Act an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

SEC. 2. FINDINGS AND CONSTRUCTION.

(a) FINDINGS.—Congress finds the following:

(1) The overwhelming majority of providers of services and suppliers in the United States are law-abiding persons who provide important health care services to patients each day.

(2) The Secretary of Health and Human Services should work to streamline paperwork requirements under the medicare program and communicate clearer instructions to providers of services and suppliers so that they may spend more time caring for patients.

(b) CONSTRUCTION.—Nothing in this Act shall be construed—

(1) to compromise or affect existing legal remedies for addressing fraud or abuse, whether it be criminal prosecution, civil enforcement, or administrative remedies, including under sections 3729 through 3733 of title 31, United States Code (known as the False Claims Act); or

(2) to prevent or impede the Department of Health and Human Services in any way from its ongoing efforts to eliminate waste, fraud, and abuse in the medicare program.